

# Financial Results for 2Q FY2022

SOHGO SECURITY SERVICES CO., LTD

Securities Code : 2331 (1st Section of TSE)

October 29, 2021

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## 1 Achieved record high in net sales on interim basis

- On interim basis, net sales achieved an increase for 11 consecutive years

## 2 Achieved record high in profit on interim basis

- Achieved record high in each income

## 3 Olympic and Paralympic Games Tokyo 2020 end successfully

- ALSOK played an important role as a co-leader of the Olympic and Paralympic Games Tokyo 2020 Security Consortium (553 companies, approx. 470 thousand people)

# Profit and Loss for 2Q FY2022

Net Sales

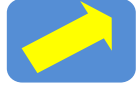
Gross Profit

Operating  
Income

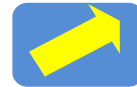
Ordinary Income

Net Income

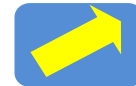
+8.6%



+14.4%



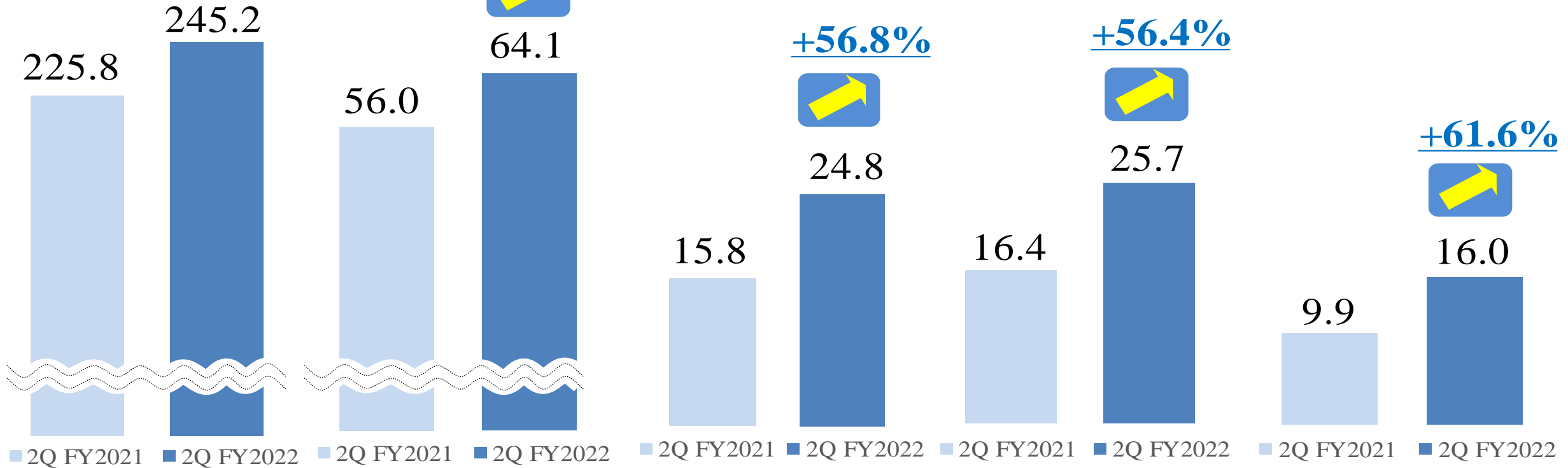
+56.8%



+56.4%



+61.6%



(Billions of Yen)

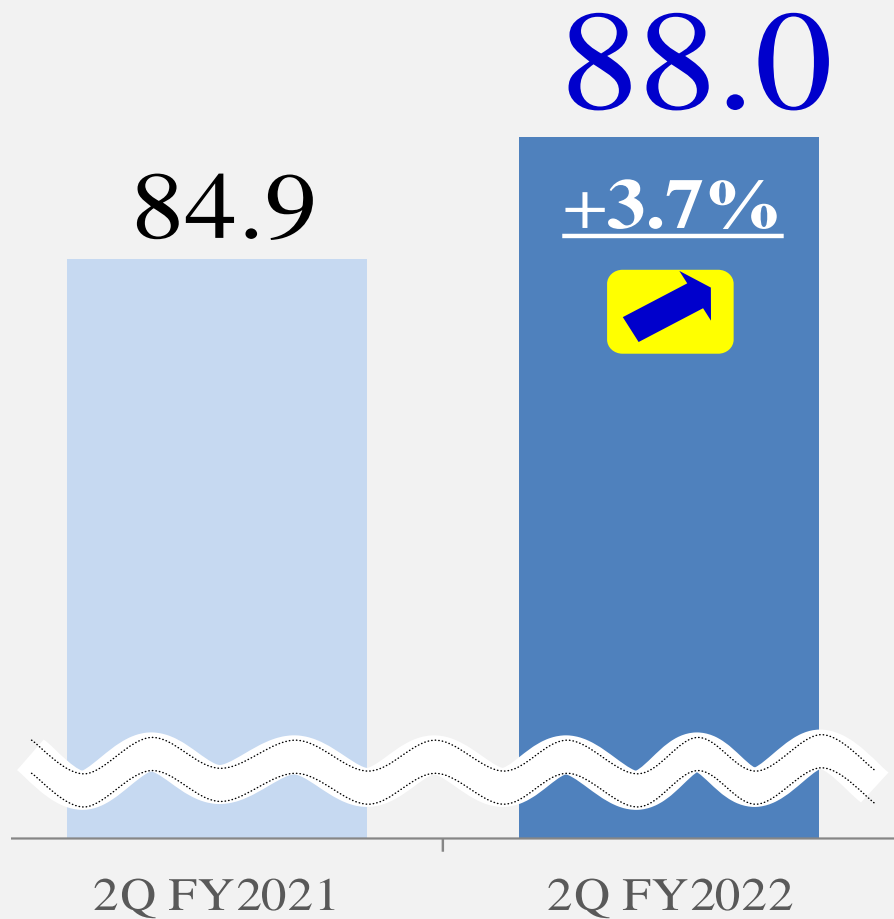
**Profit and Loss for 2Q FY2022 (vs. Business Plan)**

(Billions of Yen)	2Q FY2022	2Q FY2022 Business Plan	Gap	Achievement Ratio
Net Sales	<b>245.2</b>	<b>249.0</b>	<b>(3.7)</b>	<b>98.5%</b>
Operating Income	<b>24.8</b>	<b>19.1</b>	<b>5.7</b>	<b>130.0%</b>
Ordinary Income	<b>25.7</b>	<b>19.8</b>	<b>5.9</b>	<b>130.1%</b>
Profit Attributable to Owners of Parent	<b>16.0</b>	<b>12.5</b>	<b>3.5</b>	<b>128.8%</b>

# Net sales by Services

(Billions of Yen)	2Q FY2021	2Q FY2022	Y o Y	Change
Security Services	<b>173.0</b>	<b>188.9</b>	<b>15.9</b>	<b>9.2%</b>
Electronic Security Services	<b>84.9</b>	<b>88.0</b>	<b>3.1</b>	<b>3.7%</b>
Stationed Security Services	<b>55.6</b>	<b>67.2</b>	<b>11.6</b>	<b>21.0%</b>
Transportation Security Services	<b>32.5</b>	<b>33.6</b>	<b>1.1</b>	<b>3.5%</b>
General Property Management and Fire Protection Services	<b>30.2</b>	<b>32.4</b>	<b>2.2</b>	<b>7.3%</b>
Long-Term Care Services	<b>19.9</b>	<b>20.8</b>	<b>0.8</b>	<b>4.2%</b>
Other Services	<b>2.6</b>	<b>3.0</b>	<b>0.4</b>	<b>16.9%</b>
Total	<b>225.8</b>	<b>245.2</b>	<b>19.4</b>	<b>8.6%</b>

## Sales (Billions of Yen)



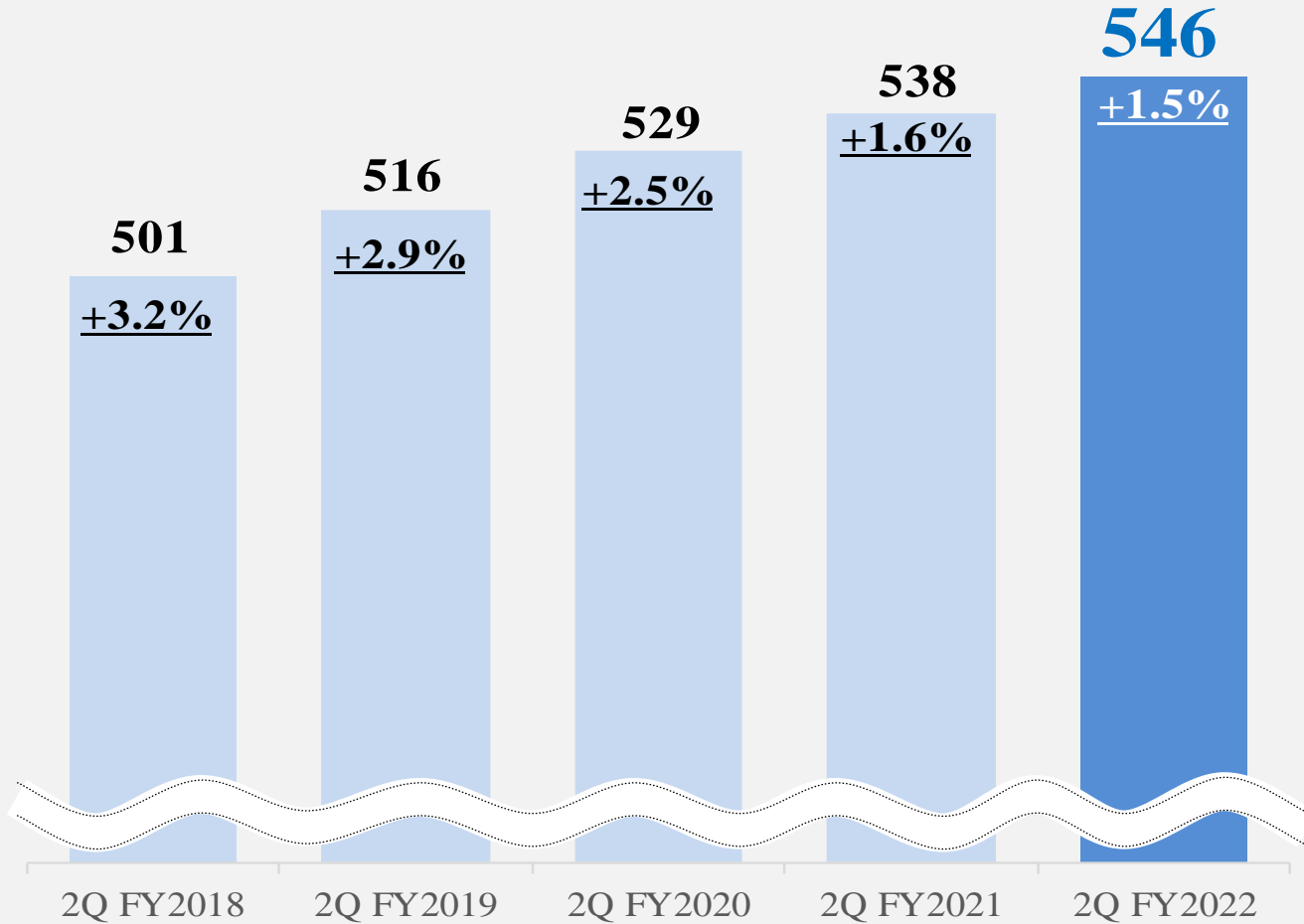
Contract Sales	72.8 billion yen	YoY Ratio	+3.7%
Construction Sales	2.8 billion yen	YoY Ratio	+17.7%
Equipment Sales	12.2 billion yen	YoY Ratio	+0.4%

Up 3.7% YoY



Increase in Contracts of Electronic Security Services  
【Corporate Clients】

(Thousand contracts)



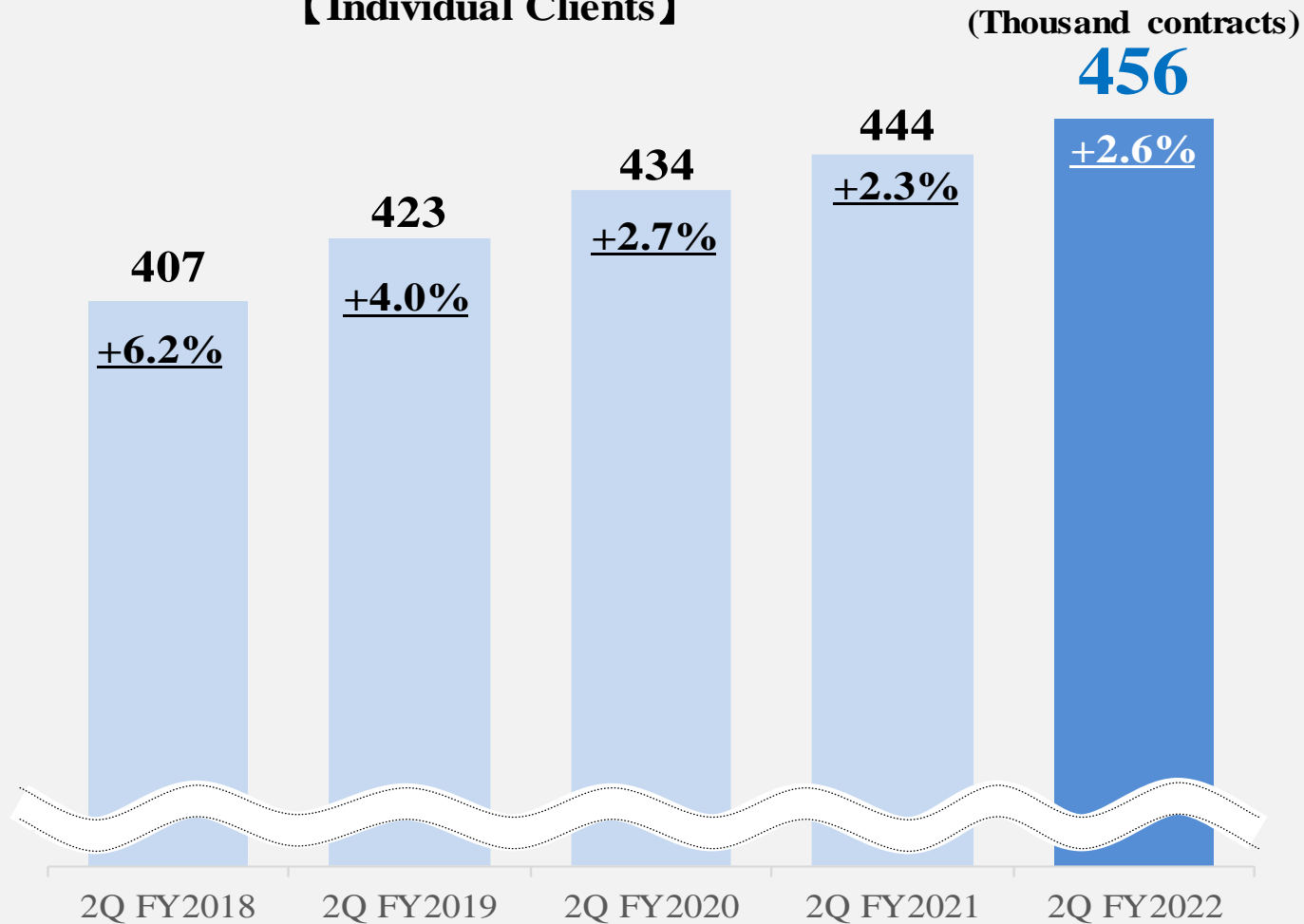
Total number of contracts

**546** thousand

▪ Sales promotion of ALSOK-G7

**Up 1.5%** YoY

Increase in Contracts of Electronic Security Services  
【Individual Clients】



Total number of contracts

**456** thousand

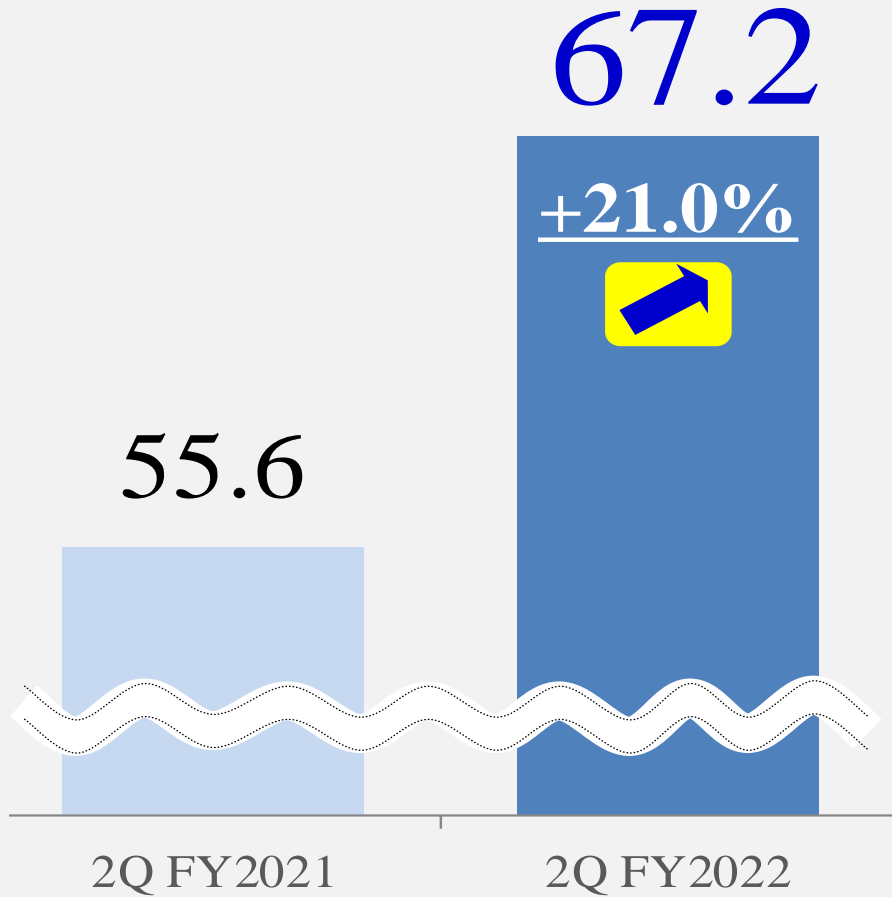
- HOME Security Basic
- HOME ALSOK MIMAMORI Support

Note: Including the number of complex housing,  
the total number of contracts count up to  
approximately 1,250,000 houses.

**Up 2.6% YoY**

(Billions of Yen)

## Sales

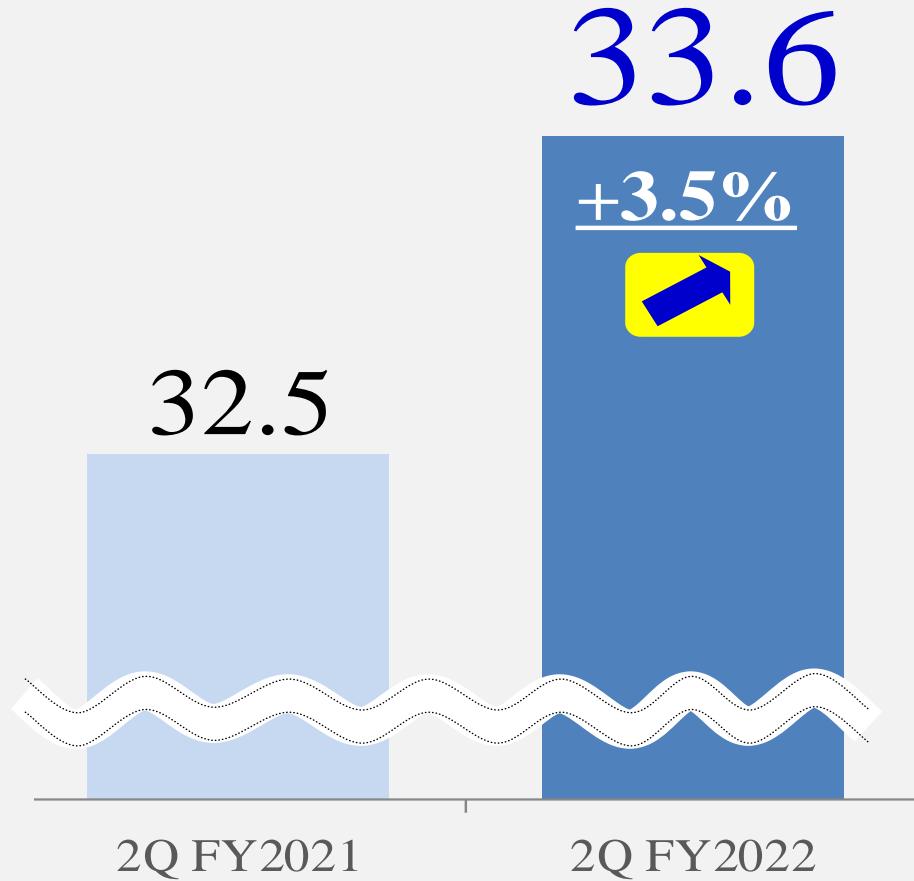


- Contributed to safe and secure operation of Tokyo 2020 Games
- Correspondence to security needs of recovery accommodation facilities for people with mild cases of coronavirus

Up 21.0% YoY

(Billions of Yen)

## Sales

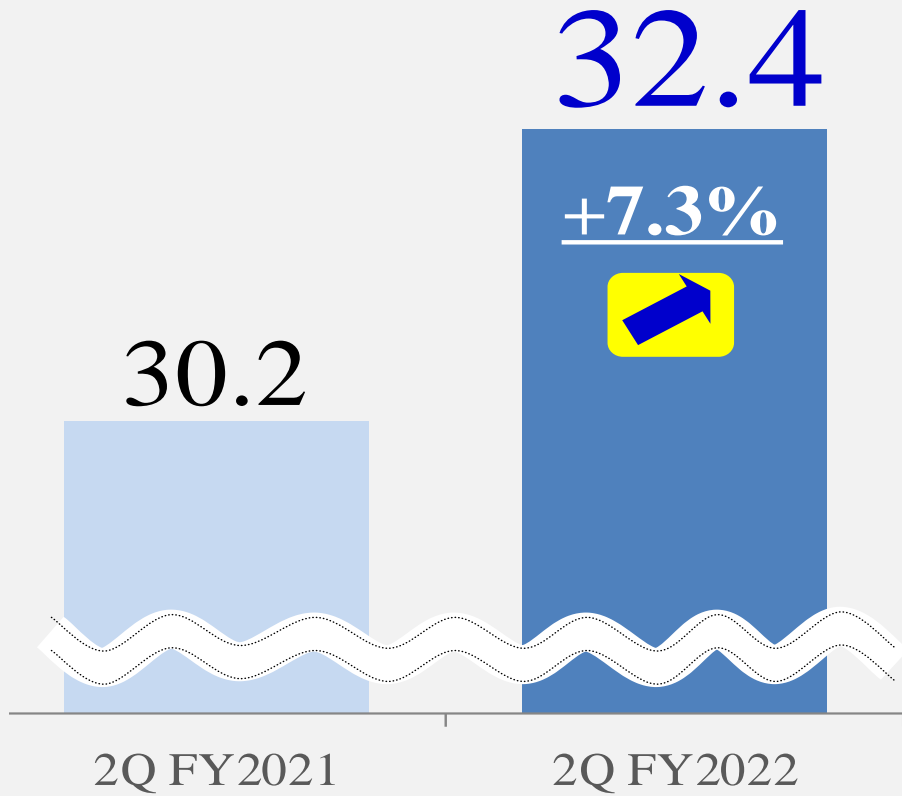


- Total ATM Management System  
approx. 74,300 units (up 0.3% YoY)
- Cash Deposit and Dispenser Machine On-line System  
approx. 27,300 units (up 6.2% YoY)

**Up 3.5% YoY**

(Billions of Yen)

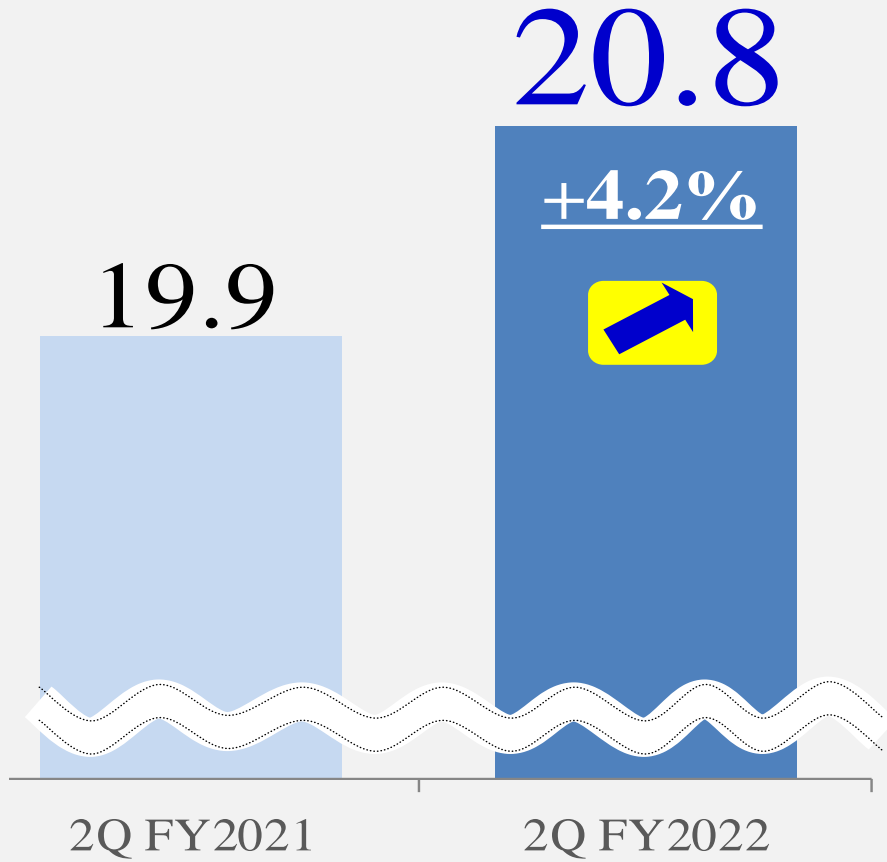
## Sales



- Strong performance in orders concerning antivirus products and services

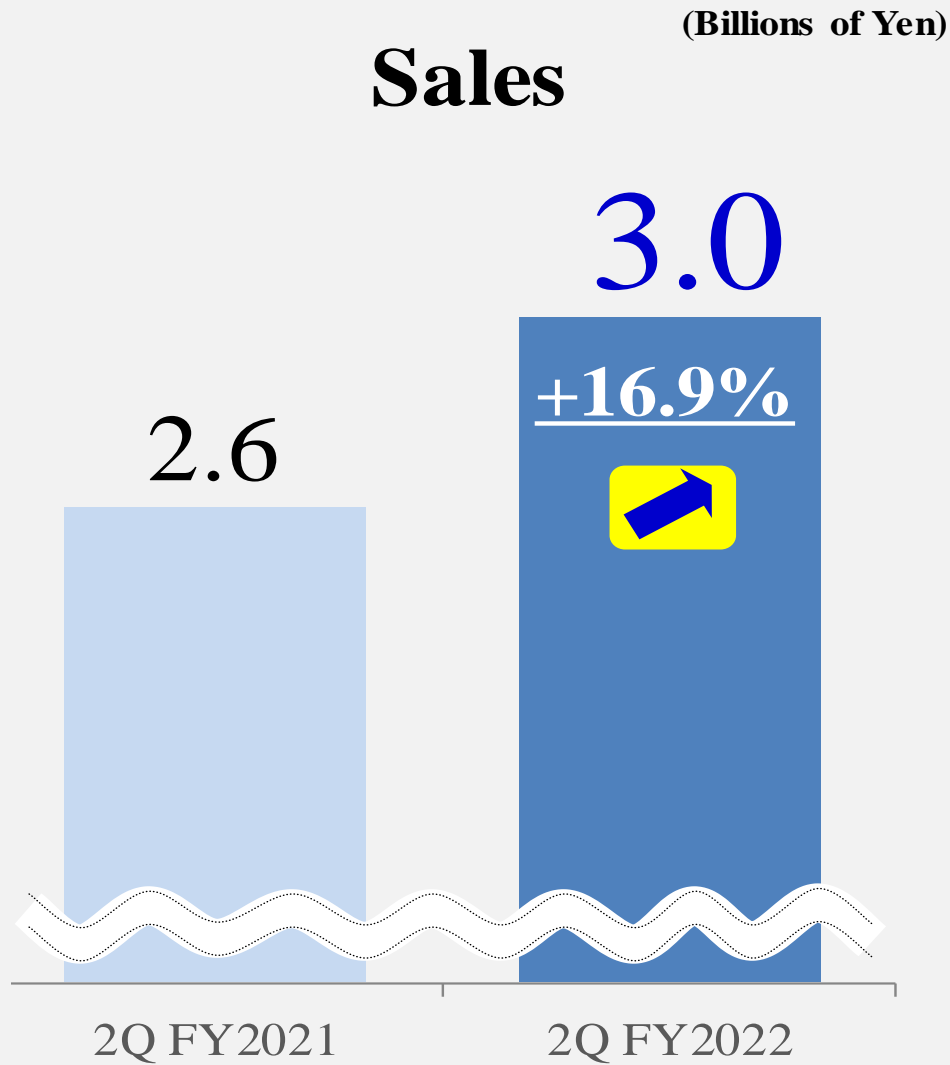
Up 7.3% YoY

## Sales (Billions of Yen)



- Increase in residents of care facilities
- Recovery in numbers of home visit rehabilitation massage users

Up 4.2% YoY

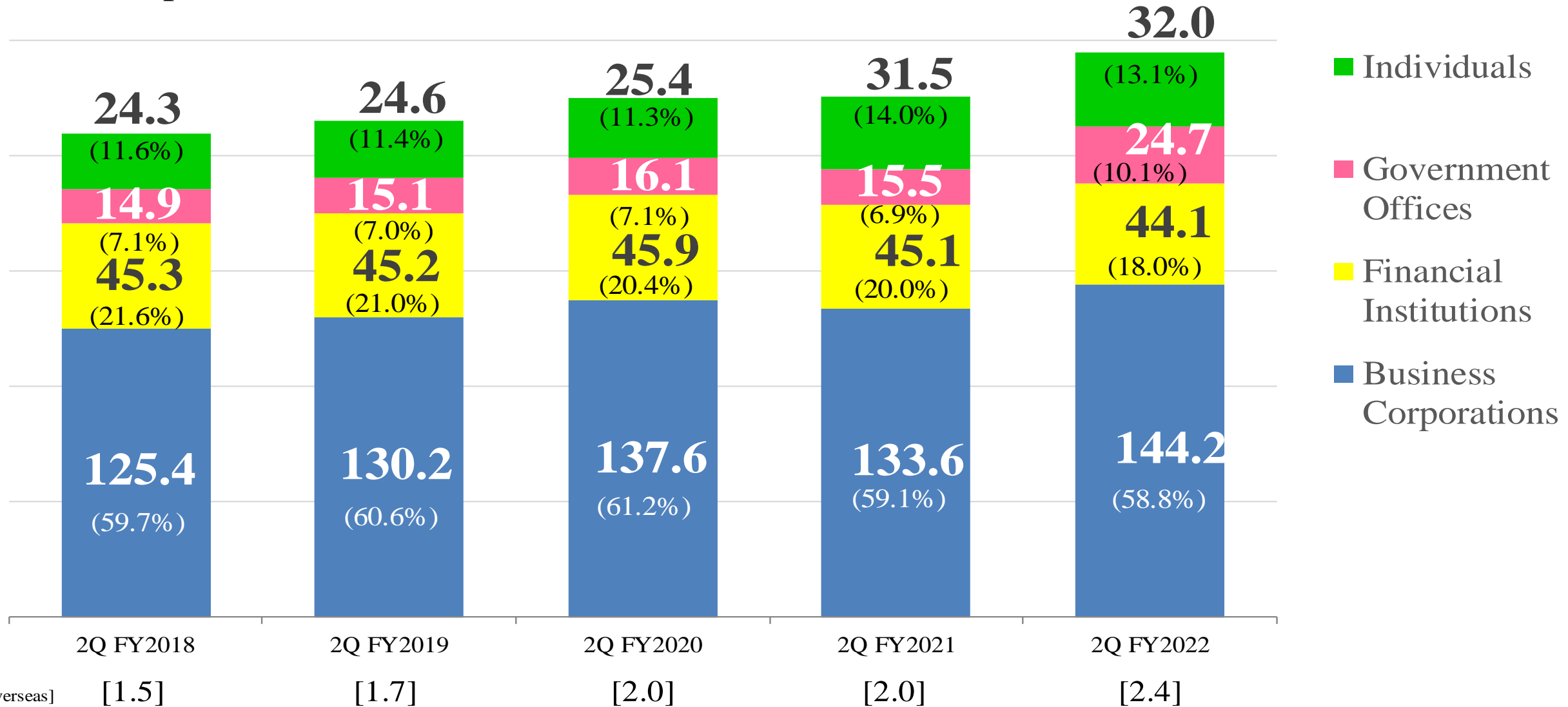


- Information security
- Safety confirmation system
- PCR tests etc.

Up 16.9% YoY

(Sales Composition)

(Billions of Yen)

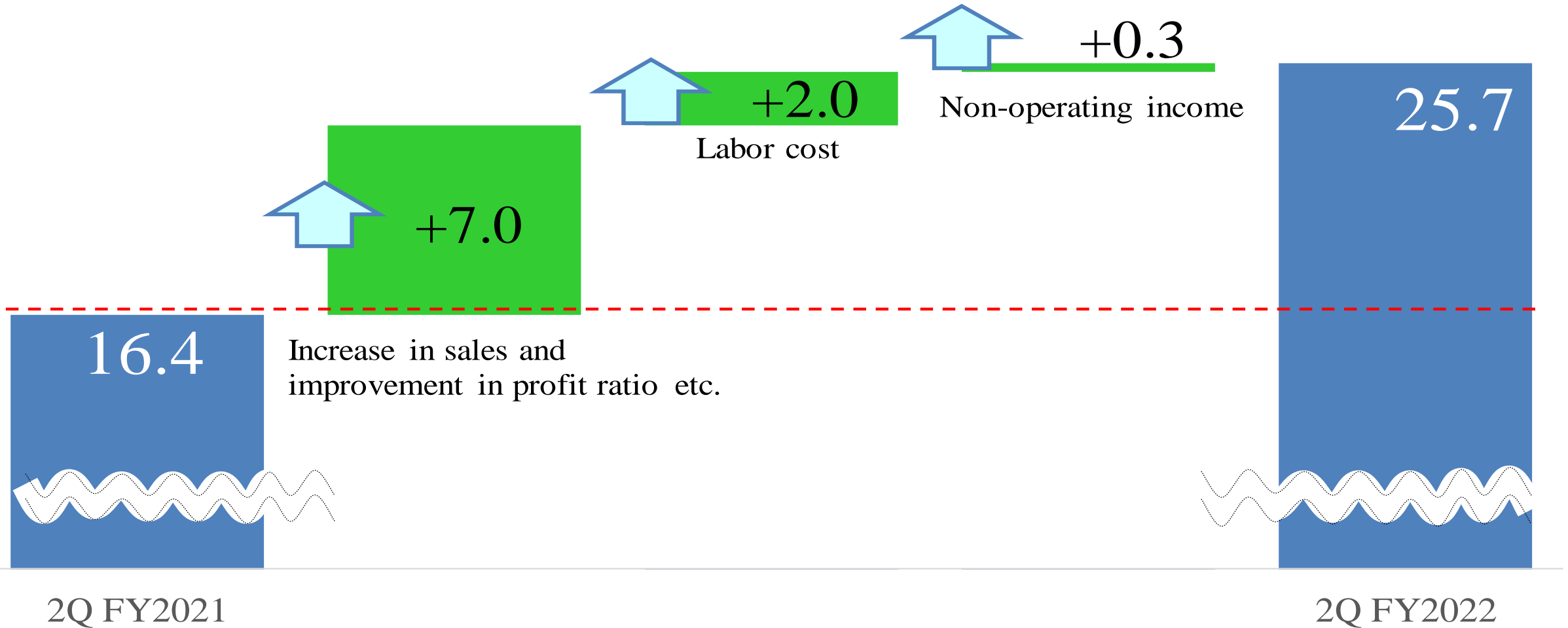




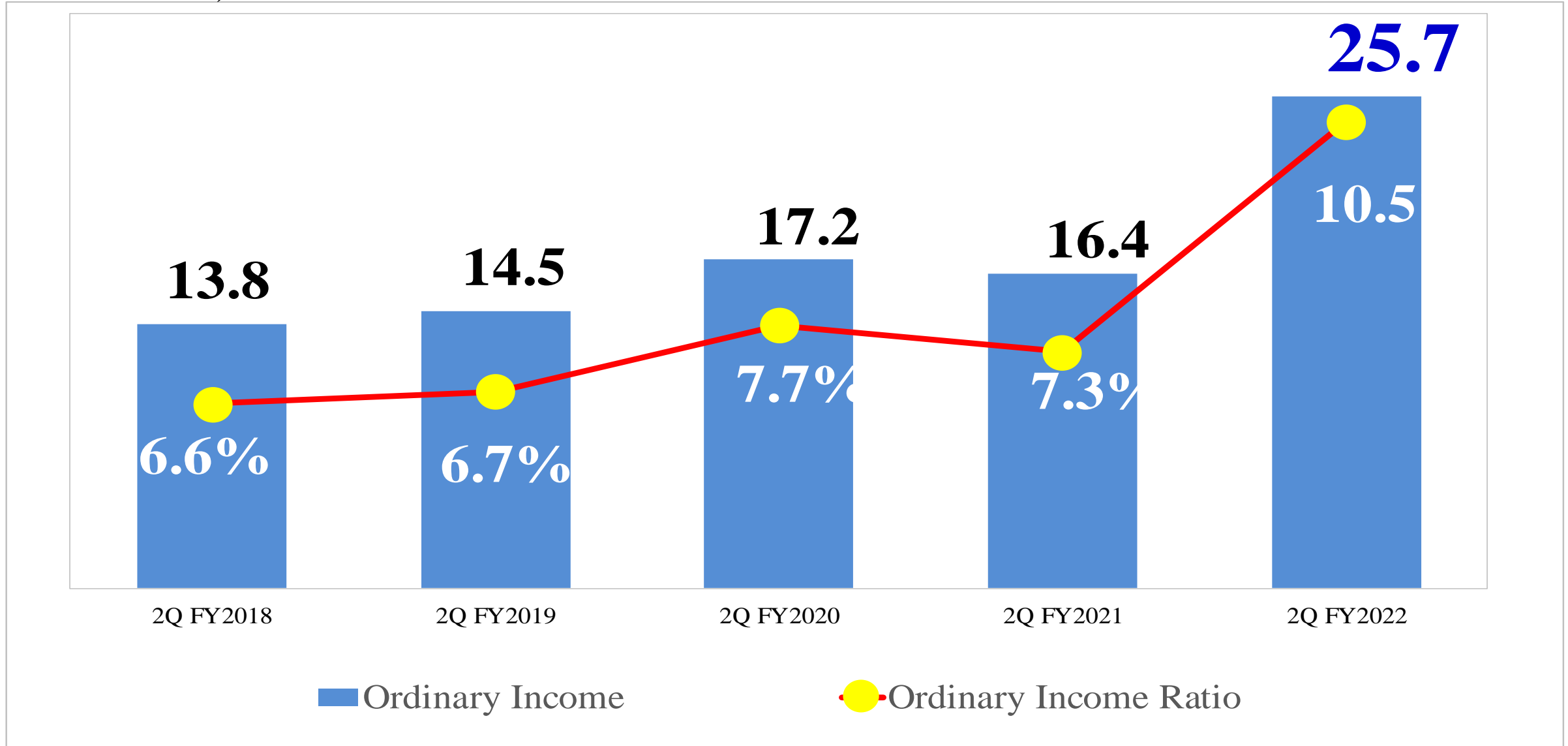
# Analysis of the Profit and Loss

(Billions of Yen)	2Q FY2021	2Q FY2022	Y o Y	Change
Net Sales	225.8	245.2	19.4	8.6%
Cost of Sales	169.8	181.1	11.3	6.7%
Labor Cost	85.3	86.3	1.0	1.2%
Expense	24.0	30.2	6.2	25.8%
Depreciation	6.7	6.8	0.1	1.8%
Others	29.0	33.4	4.3	15.0%
Cost of Product Sold & Installation	24.6	24.2	(0.3)	(1.5%)
SG&A	40.2	39.2	(0.9)	(2.3%)
Advertising Expenses	1.2	1.6	0.4	37.8%
Personnel Cost	25.7	24.6	(1.1)	(4.3%)
Depreciation	1.1	1.1	0.0	2.7%
Others	12.0	11.7	(0.3)	(2.7%)
Operating Income	15.8	24.8	8.9	56.8%

(Billions of Yen)



(Billions of Yen)



# Consolidated Balance Sheet

	(Billions of Yen)						
	2Q FY2022	FY2021	Y o Y		2Q FY2022	FY2021	Y o Y
<b><u>Current assets</u></b>	<b>221.9</b>	<b>227.6</b>	<b>(5.6)</b>	<b><u>Current liabilities</u></b>	<b>86.7</b>	<b>103.7</b>	<b>(17.0)</b>
Cash and deposits	67.2	60.8	6.4	Notes and accounts payable	19.7	24.0	(4.3)
Cash for Transportation Security Services	71.8	82.8	(10.9)	Short-term loans payable	12.3	23.8	(11.5)
Notes and accounts receivable	51.2	54.2	(2.9)	Income taxes payable	7.5	6.5	0.9
Securities	0.6	0.5	0.0	Provision	2.7	2.5	0.2
Raw materials and supplies	8.1	7.5	0.5	Other	44.2	46.7	(2.4)
Costs on uncompleted construction contracts	0.3	0.3	(0.0)	<b><u>Noncurrent liabilities</u></b>	<b>71.2</b>	<b>73.2</b>	<b>(2.0)</b>
Advances paid	6.8	5.6	1.2	Bonds payable	-	-	-
Other	15.7	15.6	0.0	Long-term loans payable	3.3	4.5	(1.1)
Allowance for doubtful accounts	(0.1)	(0.1)	(0.0)	Retirement benefit liability	27.1	26.9	0.1
				Provision for retirement benefits	1.4	1.6	(0.2)
<b><u>Noncurrent assets</u></b>	<b>253.1</b>	<b>253.8</b>	<b>(0.6)</b>	for directors (and other officers)	0.4	0.4	0.0
Property, plant, and equipment	101.7	103.3	(1.6)	Asset retirement obligations	38.7	39.5	(0.8)
Intangible assets	42.6	43.2	(0.6)	Other			
Investments and other assets	108.7	107.2	1.5	<b>Total liabilities</b>	<b>157.9</b>	<b>177.0</b>	<b>(19.0)</b>
				<b>Total net assets</b>	<b>317.1</b>	<b>304.4</b>	<b>12.7</b>
<b>Total assets</b>	<b>475.1</b>	<b>481.4</b>	<b>(6.3)</b>	<b>Total liabilities and net assets</b>	<b>475.1</b>	<b>481.4</b>	<b>(6.3)</b>

# Consolidated Cash Flows

(Billions of Yen)

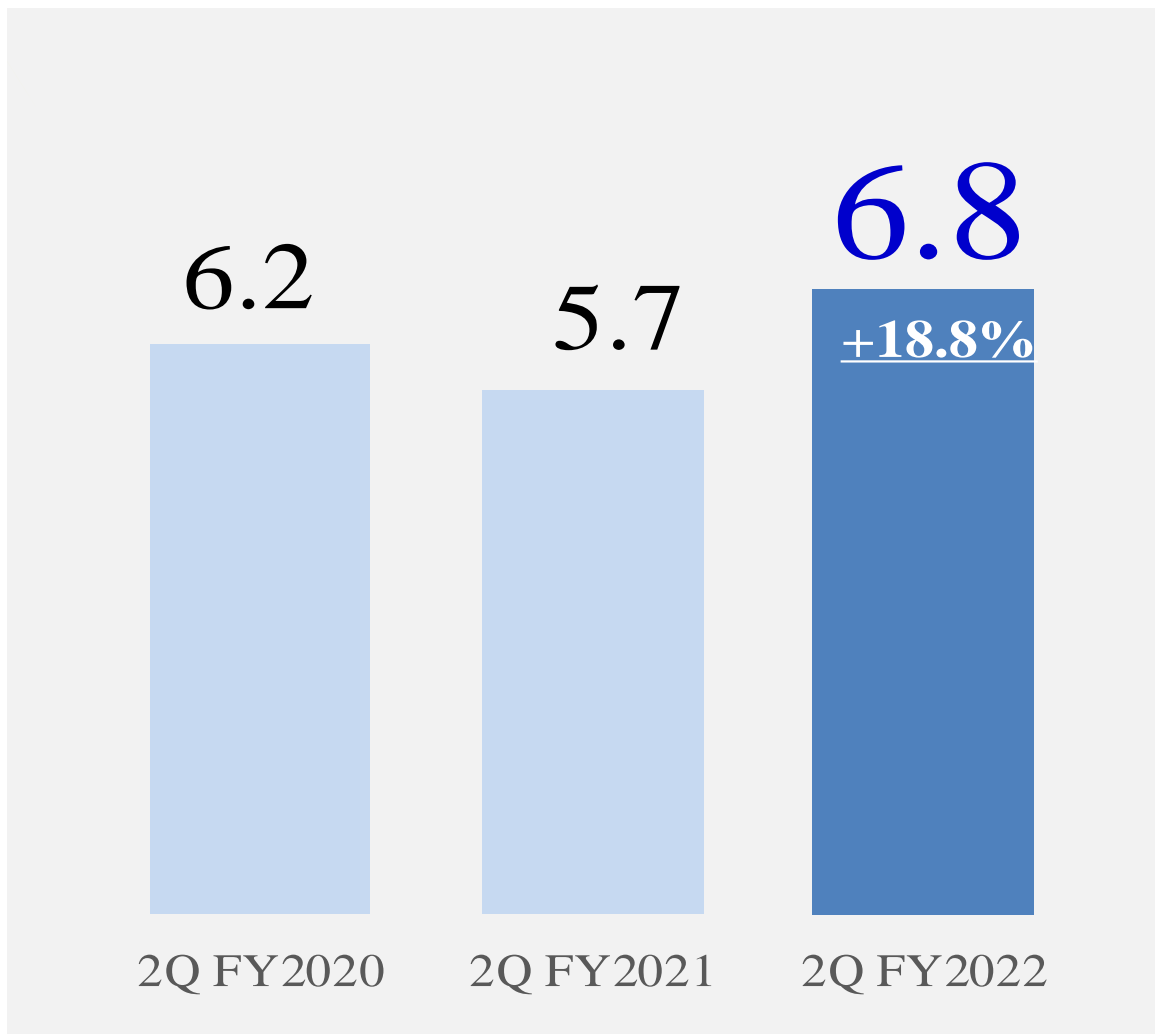
	2Q FY2021	2Q FY2022	Y o Y
Net cash provided by (used in) operating activities	26.6	21.1	(5.5)
Net cash provided by (used in) investing activities	(21.6)	(4.8)	16.7
Net cash provided by (used in) financing activities	(4.4)	(8.9)	(4.4)
Cash and cash equivalents at end of period	49.3	60.4	11.1

## Major items of 2Q FY2022

● Net cash provided by (used in) operating activities	Income before tax	25.7
	Depreciation	8.0
	Income taxes paid	(7.5)
	Decrease in trade payables	(4.9)
● Net cash provided by (used in) investing activities	Purchase of property, plant and land	(6.2)
● Net cash provided by (used in) financing activities	Dividends paid	(3.7)
	Repayments of lease obligations	(2.6)
	Repayments of long-term borrowings	(1.5)

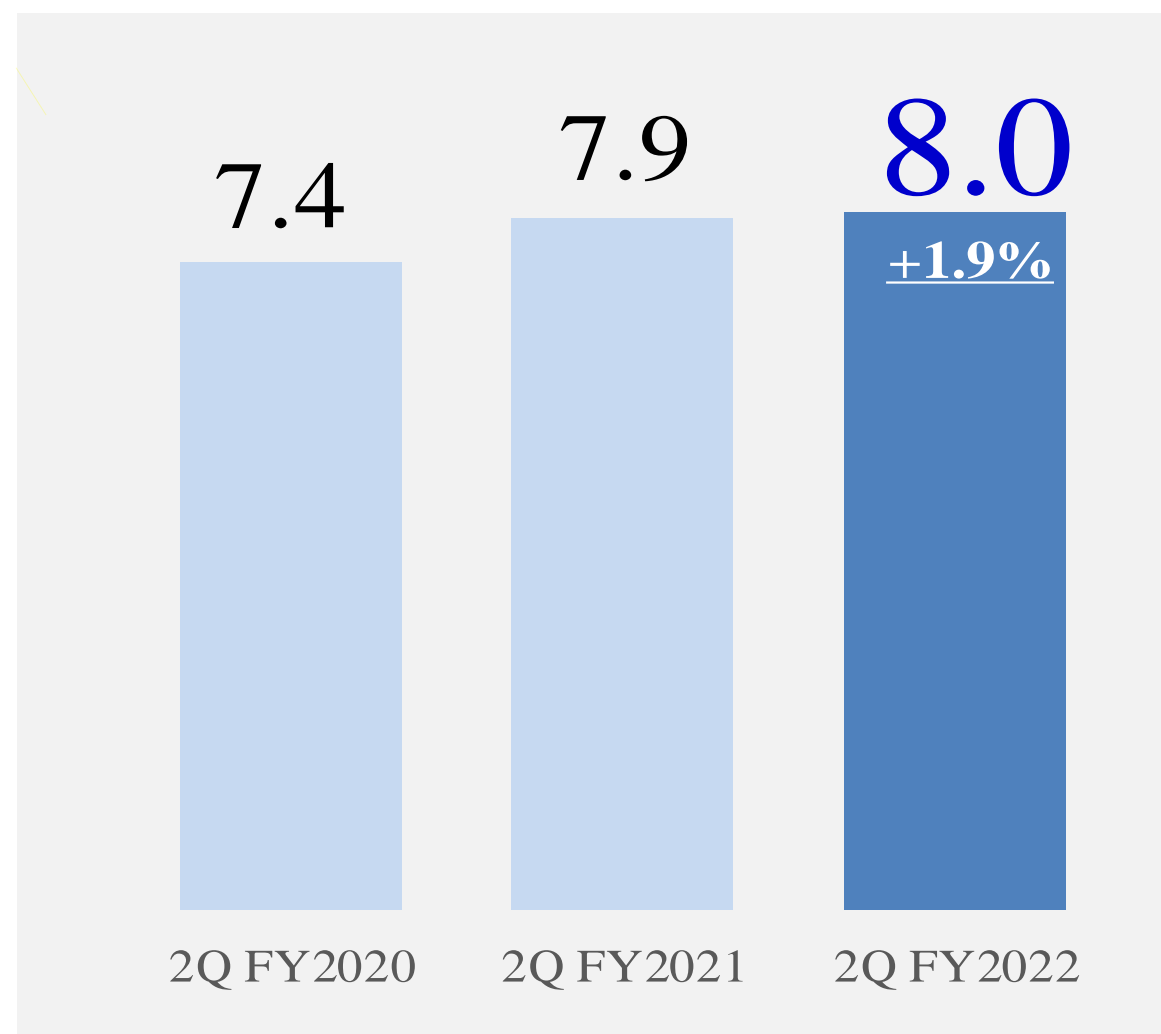
## ■ Capital expenditures

(Billions of Yen)

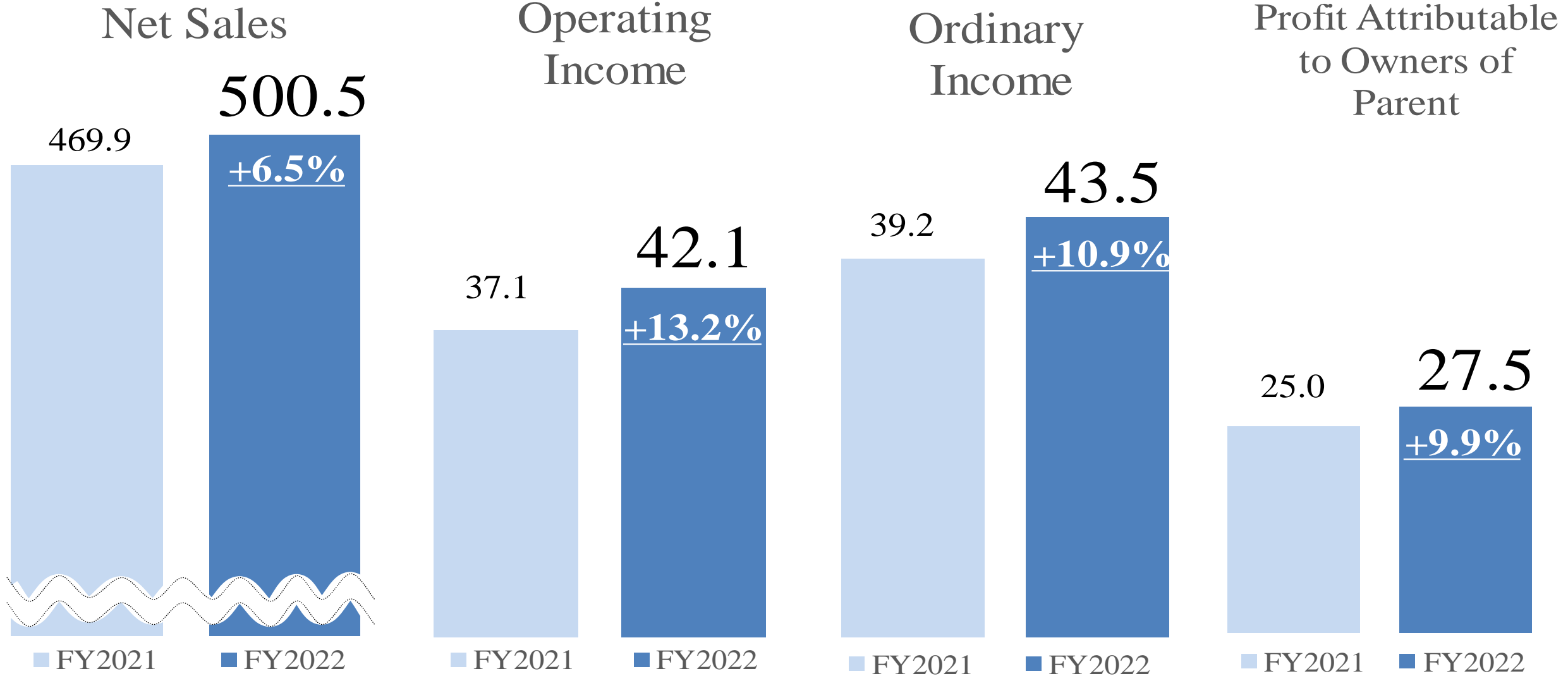


## ■ Depreciation

(Billions of Yen)



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(Billions of Yen)



	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b> (Forecast)
<b>Dividends per share (Yen)</b>	<b>66</b> (31.0)Interim (35.0)Year-end	<b>70</b> (34.5)Interim (35.5)Year-end	<b>72</b> (35.0)Interim (37.0)Year-end	<b>76</b> (38.0)Interim (38.0)Year-end
<b>Payout ratio</b>	<b>30.0%</b>	<b>29.3%</b>	<b>29.1%</b>	<b>28.0%</b>

Note: ( ) represent dividends per share for interim and year-end

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## Main Business Contents

### Security Business

- Security operation at each venue  
Baggage inspection / vehicle inspection (utilizing AI function) etc.
- Roadside security
- Patrol security
- Maritime security
- Accompanying security
- Transportation of valuables etc.



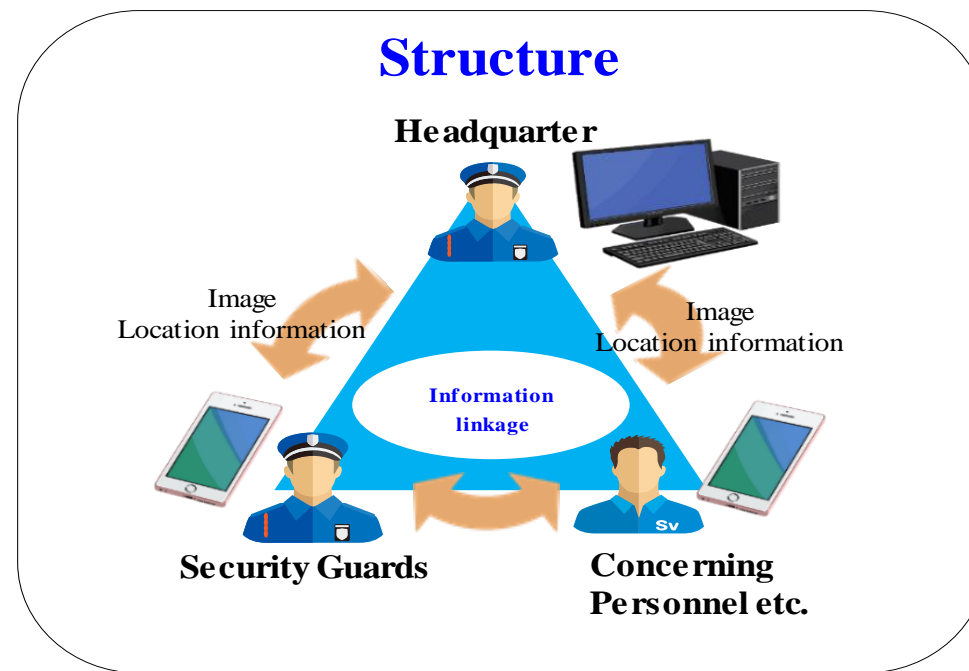
In-house ceremony

### Others

- Maintenance of each venue / facility
- Inspection work
- Cleaning work etc.

## ALSOK Staff Cooperation System

Information linkage between security guards and concerned personnel



Contribution to the sophistication and efficiency of security business by utilizing ICT

## ALSOK-G7



Security +  $\alpha$

Basic Configuration

Intrusion

Fire

Emergency

Ascertainment by live images

## "ALSOK Congestion Status Distribution Service"

Check in advance to avoid denseness

【Service Launch June 2021】

- Users of facilities and stores can check the congestion status on the website in advance
- Balancing both infectious disease countermeasure and customer attraction are possible



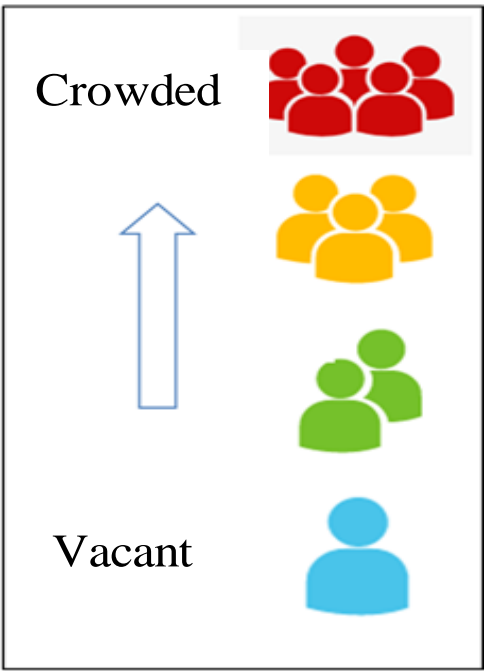
Image sensor



The cloud



Website





Home Security Basic



Basic Configuration



Renewal of dedicated app 【August 2021】

"Health Consultation" dial that can be used fire of charge by contractors can be used with one push



Additional item

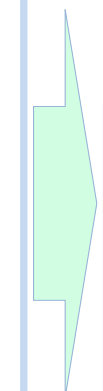
*Works with a dedicated app  
Easy application*

HOME ALSOK House Support

【Service Launch of Monthly membership plan September 2021】

Solve all your home problems and worries

- Emergency rush service
- Supports such as trouble for key/glass etc.
- Convenient life service
- House cleaning etc.



Business alliance with Nippon Care Supply Co., Ltd.

Contribute to identify solution of social issues by comprehensively supporting daily lives of care-receivers and the elderly

- Wholesale rental and sales of welfare equipment
- Life support service for the elderly
  - Life support products • Meal service



*Strengthen sales to general individuals and long-term care providers*

# Utilization of drones for bridge inspection work

【September 2021】

## Bridge inspection work using drones carried out at Hamamatsu, Shizuoka Prefecture

### Drone utilization cases



Solar panel inspection

Increase of dilapidated bridges  
Labor shortage of engineers



Utilization of Drones  
Labor saving and shortening of inspection work  
Relatively safe inspection method



Bridge inspection by drone



Posted on Ministry of Land, Infrastructure, Transport and Tourism inspection support technology performance catalog (Used drone Skydio J2)

*Utilization for various infrastructures in the future*

# "ALSOK Office Doctor Pack" Protect from risks hidden in-house

【Service Launch September 2021】



**Occupational health physician services to support employee health management, and optimized for “workplace with less than 50 people” which are not obliged to appoint an occupational health physician**

\* “Office doctor” is a coined word for “occupational health physician”

## Health security

Protects companies and employees from the risks hidden in-house and supports "safety, security and health"



**Employee**

Deterioration of physical and mental health, etc.

## Main Service Contents

- Employment judgment by occupational health physician according to the health examination result
- Medical and industrial hygiene seminar information
- Telephone consultation from personnel and labor personnel etc.

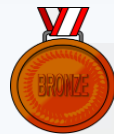
Affiliated athletes of ALSOK Group who participated in the Tokyo 2020 Games



**Judo**

Men's 90kg  
Mixed Team **Silver Medal**

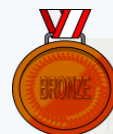
**Shoichiro  
Mukai**



**Wrestling**

Men's Greco-Roman 77kg  
**Bronze Medal**

**Shohei  
Yabiku**



**Goalball**

Women's Group  
**Bronze Medal**

**Haruka  
Wakasugi**



**Wrestling**

Men's Freestyle 86kg

**Sosuke  
Takatani**



**Weight lifting**

Men's 96kg

**Toshiki  
Yamamoto**



**Weight lifting**

Women's 55kg

**Kanae  
Yagi**



**Rifle shooting**

10m Air Rifle Men  
10m Air Rifle Mixed Team  
50m Rifle 3 Positions Men

**Naoya  
Okada**



**Hockey**

DF

**Masaki  
Ohashi**



**Hockey**

MF

**Hiromasa  
Ochiai**



# Disclaimer

**Figures regarding the company's current plans and strategies that are not historical facts are forecasts of future performance, which contain risks and uncertainty.**

**Actual performance may differ widely from these figures as a result of economic conditions, competitive situation, progress in technology and other factors. Investors are advised to use independent judgement before making any investment.**

